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17 October 1983

## LATIN AMERICA REPORT

No. 2753

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## ELF AQUITAINE AFFECTED BY GOVERNMENT OIL POLICIES

## Reduction in Exploration

Guatemala City PRENSA LIBRE in Spanish 25 Aug 83 pp 4, 44

[Text] "It is not true that the French oil company Elf Aquitaine is pulling out of our country, and it was their own personnel who told me just the opposite," said Alejandro Contreras Bonilla, the secretary of energy and mines, at his office yesterday.

"They called me," he said, "to express their astonishment and concern at the rumors circulating to the effect that they were to cease operations in our territory. They said they believed it was a matter of rumors spread by someone with an interest in doing so.

"What does exist and is a reality is a reduction in their exploration programs, but while they may attribute this to the law which regulates such activities, it is also the case that it is all true. We acknowledge that the law in effect does not stimulate exploration, but what has been done in this country is what appears in the respective contracts.

"In other words," he continued, "the intense activity observed in 1982 is no longer there, for while seven sets of equipment were active then, now there is none. But, those seven sets of equipment, which were drilling seven wells, were related to the contractual commitments made by the company. In this situation, unfortunately, the contracts' drilling phase has run out."

## New campaign

"Now then," continued Contreras Bonilla, "next October a new exploration campaign will begin based on the contract signed by Texaco, Braspetro, and Hispanoil in Area 'L,' and they will begin drilling the first of three wells over three years. Apart from that, the other contracts offer the possibility of some optional wells. Also, as the new petroleum law is about to be signed, the companies are not going to drill anything if they have an unknown future ahead of them, which has caused my office to speed up the preparation of a new law to provide incentives for exploration."



Contreras Bonilla added that only with a new petroleum law would it be possible to stimulate companies to explore and drill, which is the only means of finding new reserves of crude, he said.

"With more reserves we will have better production capacity. Now then, the decline in exploration means--it is unfortunate, but true--a reduction in each company's employment rolls. They hire people in relation to the contracts they have signed. In this sense, this measure is a general one, as both foreign and Guatemalan technicians and field personnel lose their jobs. I insist, therefore, that this is a result of the drop in exploration activity, and does not mean that the Elf Aquitaine company is pulling out," said Contreras Bonilla to end his report.

#### New Oil Law Awaited

Guatemala City PRENSA LIBRE in Spanish 25 Aug 83 p 4

[Text] The Elf Aquitaine Guatemala consortium has not made any decision to pull out of Guatemala, according to yesterday's official press release by the company.

"The company's presence in Guatemala," said the bulletin, "is based on three contracts signed with the government which have been honored and are still in effect.

"Elf Aquitaine Guatemala," added the bulletin, "is carrying out its exploration and extraction activities in Guatemala in Areas 'AA,' 'E,' and 'I,' and operates Area 'I' where it acts as a contractor in conjunction with two other firms."

Finally, the bulletin says that "Elf Aquitaine Guatemala, like everyone in Guatemala, is aware of the government's intent to issue a new petroleum law, and is therefore interested in being informed of the same as soon as it is published."

#### Direct Negotiations With Refiners

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 30 Aug 83 pp 1, 10

[Text] The government has adopted a new policy with respect to marketing our petroleum through the Office of Energy and Mines, by which in the future the state will separately negotiate for 55 percent of its share of petroleum directly with the refiners who supply petroleum derivatives, according to an announcement made this morning by Secretary of Energy and Mines Alejandro Contreras Bonilla.

He said that this new policy will apply beginning next 15 September, and will guarantee Guatemala's supply of petroleum derivatives, to which effect the first shipment of 140,000 barrels will be made by Exxon, in what amounts to the government's first experiment in direct marketing of crude petroleum.

Previously, explained Contreras Bonilla, 55 percent of the royalties pertaining to Guatemala for oil extraction were negotiated with the companies holding the concessions for exploration and extraction rights, but in the future, negotiations will take place directly with the firms that supply us with the derivatives of black gold, in order to guarantee our source of supply.

Contreras Bonilla indicated that companies that supply us with petroleum derivatives are Esso and Texaco, to whom the crude product will be sold. They will in turn pay in dollars or in fuel at current international market prices.

The first of these transactions will be paid in dollars, said Contreras Bonilla, and he added that Texaco had decided to buy 150,000 barrels, which it will deliver to its refinery in Panama, in order to carry out tests with our petroleum.

Contreras Bonilla said that, as a consequence of this new policy, Guatemala will have earned some 35 million dollars by the end of this year, which represents significant revenue for our country.

Current petroleum production in Guatemala fluctuates between 7,500 and 8,000 barrels a day, but could be increased momentarily, since the Tierra Blanca well is producing close to 2,500 barrels a day, the technical defects which were observed at said well having been overcome.

9839

CSO: 3248/1262



## BRIEFS

SPECIAL PETROLEUM TAX APPROVED--A special tax on petroleum derivatives has been approved by the national government, in consideration of the fact that such products are not affected by the value added tax [IVA], but prices to the public will remain the same. By means of Decree 85-83, the government placed a new tax on petroleum derivatives, taking into account the fact that the advent of the IVA, the sealed paper and fiscal stamp taxes on the value of sales and imports of such products will disappear. In other words, the new tax is designed to compensate for the government's loss of revenue from stamps and sealed paper. The taxes on petroleum derivatives were set as follows: gasoline 17 percent; kerosene and dual-purpose kerosene 8 percent; gas, diesel, and other combustible oils 12 percent; fuel oil, bunker oil, and other oils 0.15 percent; and crude petroleum when used as a fuel 10 percent. This new tax is to be collected at such time as these products are transferred, and the amount due will be set in the respective voucher, based on the sale price set by the Secretariat of Mining, Hydrocarbons, and Nuclear Energy. [Text] [Guatemala City EL IMPARCIAL in Spanish 30 Aug pp 1, 2] 9839

CSO: 3248/1262

## SUCCESSFUL SECURITY OPERATIONS AGAINST MIR

Santiago LA NACION in Spanish 9 Sep 83 p 36

[Text] The outlawed MIR [Movement of the Revolutionary Left] suffered the greatest blow of its history of extremism, when security agents, in five operations, broke up one of the most powerful cells of the movement's military apparatus, seizing a large arsenal and abundant documentation, and uncovering 14 terrorists who took part, directly or indirectly, in the assassination of Major General Carol Urzua, five of whom were shot down after long skirmishes in Las Condes and Quinta Normal.

Subversives arrested by CNI [National Information Center] officials are Jorge Palma Donoso, who was using an identity card in the name of Jose Hernan Guzman Poblete; Carlos Alberto Araneda Miranda, with the false name of Andres Eduardo Soto Pacheco; Hugo Jorge Marchant Mora, alias Hector Andres Lopez Gonzalez; Rosa Juana Pulgar Cortes; Silvia Eliana Aedo Sepulveda; Marta Silva Soto Gonzalez; Rosa Juana Farias Ogaz; Pedro Antonio Salgado and Eddie Ricardo Salgado Almuna.

The first named three belong to the MIR military apparatus; they received training at international guerrilla schools, and had secretly entered Chile under Operation "Return."

The arrested women were living in the premises raided [by the security authorities] in which were concealed a large quantity of automatic weapons, high powered explosives, and documentation; it is believed that these constituted the logistical and cover arrangements for the actual perpetrators of the triple murder.

Jorge Palma Donoso appears, as of now, to be one of the terrorists who fired at the automobile of the governor of Santiago; this will be confirmed in the next few hours, as soon as the ballistic examination report is completed on the weapons found in his possession, which are apparently through to correspond to those used in the crime.

The woman shot down in the engagement at Fuenteovejuna was identified as Lucia Orfilia Vergara Valenzuela, who had secretly entered the country. This extremist traveled to Sweden in 1975, and in 1981 she was arrested by the Spanish Security Police, because of her connection with the terrorist

On the other hand, other economists have noted that, with PEM and POJH added to the present unemployment figure, the real index of unemployment in the country exceeds 32 percent.

The indices released yesterday by the INE confirm that assertion, as indicated below:

Population 15 years of age or older in the Labor Force:	3,719,700	=	100 percent
Unemployed	660,500		
PEM and POJH	530,892		
Total unemployed, PEM and POJH	1,191,392	=	32.02 percent

12383

CSO: 3348/670

## BRIEFS

SHIP RECEIVED FROM POLAND--The motor vessel "San Andres y Providencia" of the Grancolombiana Merchant Fleet will be received from the Gdansk Shipyards Enterprise in Poland on 31 August. During its inaugural trip it will enter the port in Leningrad to be loaded with 30 trolley buses for Bogota's Urban Transport Enterprise. This is the first ship sailing under Colombian flag to stop over in the Soviet Union. It is a modern multipurpose unit with 16,000 tons of dead weight and a capacity of 1 million cubic feet. As it is furnished with the most modern navigation equipment, it is one of the most modern ships of its kind in the world. [Text] [PA111958 Bogota EL SIGLO in Spanish 30 Aug 83 p 2]

CSO: 3348/7

## BRIEFS

BUDGET DEFICIT EXPECTED--Jorge Guardia, legal adviser to the Costa Rican Chamber of Commerce, has said that the country's 1984 budget will have an estimated deficit of 14 billion colones. Guardia made this statement before representatives of the country's 14 chambers of commerce, who met in San Jose to assess the 1984 national budget. The executive branch presented the legislative assembly with a budget plan of 24.907 billion colones, but Jorge Guardia said that the government's expenditures will actually total about 34 billion colones in 1984. He added that if the executive branch manages to finance 8 percent of the budget with bonds, as it has planned, interest rates will have to be raised. [Summary] [San Jose Radio Reloj in Spanish 1200 GMT 21 Sep 83 PA]

CSO: 4348/18



## PENALVER CLOSES FARMERS TRADE UNION PLENUM

FL011210 Havana Domestic Service in Spanish 1000 GMT 1 Oct 83

[Text] The highly productive forestry worker brigades currently working on the national reforestation plan will plant 100 million timber-yielding trees next year, announced Rene Penalver, member of the Central Committee and secretary general of the Agriculture and Forestry Workers Union [Sindicato Agropecuario y Forestal].

The trade union leader made the announcement while closing the eighth plenum of the union's National Committee held in Santiago de Cuba. He added that next year's plan was drafted to include the experience gained from the millionaire movement in the current reforestation sowing campaign. He said that so far this year, forestry workers have planted nearly 110 million saplings, thus fulfilling their commitment in salute to Agricultural Workers' Day whose main ceremony will be held today in Santiago de Cuba.

It was announced at the meeting that during the first six months of this year, 180 of the country's agricultural enterprises realized a profit and the sector's commercial production attained 101 percent of the projected target. It was announced that during the first six months workers exceeded the plan for delivery of cow's milk, eggs, poultry and pork meat, honey, corn, beans, citrus fruits, henequen, coffee, and cocoa.

Most of the production plan was fulfilled and growth was registered compared to the same period last year. However, in roots, tubers, garden vegetables, and tobacco fulfillment of the plan became impossible due to climatic conditions.

CSO: 3248/28

## BRIEFS

EUROPEAN PARLIAMENT DELEGATION--A delegation of the European Parliament arrived in Havana this morning. It was received by Flavio Bravo, president of the National Assembly of the People's Government. The visitors are from the FRG and are part of the Christian Democratic group of the European Parliament. The objective of the visitors is to observe the Caribbean problems first hand, especially those of Cuba. At the Jose Marti airport Flavio Bravo described as highly valuable the talks that the European parliamentarians will hold with Cuban political and state leaders. The visitors will also tour places of economic and social interest, including the Hermanos Ameijeiras Hospital in Central Havana and the Valles de Picadura genetic Plan. [Text] [FL221751 Havana Domestic Television Service in Spanish 1700 GMT 22 Sep 83]

CSO: 3248/28

BALAGUER DISCUSSES ELECTORAL REFORM

Santo Domingo LISTIN DIARIO in Spanish 31 Aug 83 pp 1, 12

[Article by Manuel Silvestre]

[Text] Former President Dr Joaquin Balaguer yesterday maintained that if the proper authorities do not provide the most efficient mechanisms to the Central Electoral Board [JCE], they would be encouraging fraud in the 1986 general elections.

Doctor Balaguer admitted that the Reformist Party [PR] originally was opposed to introduction of the single ballot system. He explained that his party took that position because there was not sufficient time to teach the voters how to use the ballot in the elections.

He said for that reason he has been advocating for some time the implementation of this system and other mechanisms in the Dominican electoral system, since he believes there is enough time now to make them broadly known to all the people.

The PR leaders said if the authorities do not introduce the single ballot system in time, the PR again will oppose it for the same original reasons.

Balaguer maintained that introduction of the single ballot system must be done in time so that a broad publicity campaign can be developed to teach the people how to cast their vote with that ballot.

The former president of the republic also denied that the PR had been responsible for the personnel replacements that have been made in municipal electoral boards where, according to reports, PR activists have replaced the previous incumbents.

"Angel Liz established the entire structure of those boards. He is a man of absolute integrity, who cannot be accused of being or of having ever been dishonest under any circumstance. He is an absolutely honorable and extremely honest man," Balaguer noted.

Doctor Balaguer made the comments when asked about statements made by President Dr Salvador Jorge Blanco blaming the PR for the current problems of the JCE.

President Jorge Blanco yesterday also said he is opposed to Balaguer's proposal that selection of the JCE chairman and other members be done by agreement between the PR and the Dominican Revolutionary Party, which currently have majority representation in the congress.

Regarding that rejection, former President Balaguer declared that there was no doubt that his proposal would be rejected, explaining that "absolute impartiality would be assured" for the 1986 general elections if it were accepted.

He said no one would have reason to complain if the proposal were accepted "and everyone would have to feel satisfied because selection would be the result of an agreement between all the parties, instead of done at whim."

Balaguer admitted that the ruling party has proposed that the PR be taken into account for the appointment of JCE members, but explained that this proposal still has not materialized.

9925

CSO: 3248/1267

NEW ITBI TAX TO PROVIDE NEEDED REVENUE

Objections, Exemptions Explained

Santo Domingo LISTIN DIARIO in Spanish 3 Sep 83 pp 1, 19

[Article by Tulio Navarete]

[Text] The income tax director yesterday said the Tax on Transfers of Industrialized Goods (ITBI) is a tool to raise funds "urgently" required by the public sector. He also warned that taxpayers who violate the law will be "severely" punished.

Luis Eduardo Tonos likewise explained that the government has been "critized severely for the irregular currency issues, but the ITBI is a much healthier option than such currency issues or than stopping a basic public service as, for example, that of the Dominican Electricity Corporation."

"If social stability within a framework of satisfying the most urgent needs is required of the state, and this is natural, then it is likewise urgent that public funds be raised, preferably from healthy sources," he indicated.

Tonos made these statements during his talk at a luncheon held at the D'Agostini restaurant in this capital to explain the mechanisms of the ITBI which becomes effective on 24 November.

Customs Director General Danilo Noboa, and Dr Rafael Solano, Patria Anletelly de Roman and other Income Tax Directorate General officials attended the talk.

"The ITBI is, above all, and no one should be mistaken on this, a tool to raise funds urgently required by the public sector," he said.

He then warned that taxpayers who do not register or do not do so within the specified time will be punished by a fine of "100 to 10,000 Dominican pesos."

He added that "nonsubmission of documents to cover transfers will be punished by a fine equivalent to 100 percent the value of the undocumented operation, with a minimum fine of 20 Dominican pesos."



Tonos further explained that "surcharges will be imposed for total or partial nonpayment of taxes and for presentation of false or inaccurate statements."

The official recalled that "small businesses such as grocery and other stores will be exempted from the administrative requirements precisely because of the trouble involved with so many small sales, not to mention the social reasons."

Tonos said the law that creates the ITBI "imposes a 6-percent tax on sales and other transfers of tangible personal goods produced in this country which have been subjected to a process of transformation, as well as on the importation of such goods."

However, he said the law also specifies "a broad range of exemptions on goods for basic necessities because they are basic for nutrition, health and culture and on production goods for essential and strategic sectors of the economy."

Among such goods, Tonos cited rice, meat, bread, oil, medicines, books, magazines, petroleum and its byproducts and "all agricultural-livestock sector goods."

"Exports," he said, "will be given a zero tax treatment, consisting of not charging or collecting the ITBI on such goods and having the right to recover the ITBI paid on the consumer purchase."

The income tax director explained that within about 15 days his office will distribute appropriate guidance to consumers on how the law will function.

Tonos asserted that to assure compliance with the law, the appropriate mechanisms have been created in such a way that there can be no tax evasion.

He warned, however, that taxpayers who fail to register or to pay the specified tax "will be punished drastically."

The official urged businessmen and shopkeepers to register at the local income tax office as soon as possible since the deadline expired on 14 August "and registration after that date carries a fine of 100 to 10,000 Dominican pesos."

Tonos explained that presentation of the National Taxpayers Registration (RNC) is the only thing required to formalize the registration, recommending that taxpayers not having this document should first formalize "their registration in that registry at the same local office."

Tonos explained that taxpayers must, among other obligations, submit a sworn statement and pay the appropriate tax "monthly at the internal revenue office."

"The statement must be made within the first 20 days of the month following the month when the operations were made even if there is no tax due," he explained.

Tonos said fines can be imposed for noncompliance as prescribed by the law, including, "among others," not submitting the sworn statements on time.

#### Businessmen Express Concern

Santo Domingo LISTIN DIARIO in Spanish 5 Sep 83 pp 1, 13

[Article by Domingo Saint Hilaire]

[Text] Santiago--Cibao businessmen's associations have given their support for the contents of a letter that the Federation of Dominican Businessmen [FDC] has sent to the president of the republic. In the letter, the FDC notes the inconveniences which under current circumstances made the tax established by law No 74 on transfers of industrialized goods impossible to implement.

The Cibao associations say that postponement of practical implementation of the law would give them enough time to permit reaching a consensus between the official and private sectors on the need to change that law.

In its letter to President Jorge Blanco, the FDC says that law 74, which imposes a 6-percent tax on transfers of industrialized goods, is very complex and, consequently, quite difficult for most Dominican businessmen to carry out in a positive manner.

Therefore, our regular general assembly decided to earnestly request that you order postponement of the effective date of that legislation, now set for November of this year, [the FDC added].

The FDC stresses in its letter to the president that "our institution is not opposed to implementation of law 74 on the ITBI, for we are fully aware of the grave economic situation that your government is facing."

It also tells the president that "we want the law to be more practical and functional, since it is quite difficult for small businessmen, who are in the majority, to fully comply with it in its present form because their little schooling precludes them from maintaining the records system necessary for administrative implementation for the law."

The letter to Jorge Blanco likewise emphasizes that the economic condition [of said businessmen] precludes having the necessary recourses to contract the services of personnel with the necessary ability to establish the aforementioned records system.

The FDC letter to the president closes saying that "we shall be very grateful if you use your high office to see that the aforementioned law is modified so that said tax is paid by producers or importers directly to the Directorate of Income Tax and, in turn, businessmen pay it to these."

"With this change," emphasizes the closing part of the letter, "the government would avoid bureaucratic expenditures that could absorb a large portion of the resources generated by the aforementioned law."

The letter says the FDC hopes that President Jorge Blanco will favorably consider its request.

The letter is signed by FDC President Valerio Sanchez Felix and Secretary General Juan A. Mejia Pimentel. It is also signed by the associations of Cibao and of the north cost and northeast.

9925

CSO: 3248/1287

## PRESIDENT ADDRESSES PETROLEUM INDUSTRY SEMINAR

Santo Domingo EL CARIBE in Spanish 13 Sep 83 p 6B

[Speech given by President Salvador Jorge Blanco on 12 Sep 83 at the opening of the Latin American Seminar on Legal Aspects of the Petroleum Industry in Santo Domingo]

[Text] Following is the complete text of the speech given yesterday by President Salvador Jorge Blanco at the opening of the Latin American Seminar on Legal Aspects of the Petroleum Industry held at the Central Bank.

Let me warmly welcome to our country the delegates to the Latin American Seminar on Legal Aspects of the Petroleum Industry who have come to this meeting held in Santo Domingo de Guzman.

I am grateful to the organizers and cosponsor with the Dominican Government of this important event, OLADE [Latin American Energy Organization], for the opportunity to offer our facilities and installations for this meeting. Many of those present have come here for the first time and this visit honors us. We are willing to reciprocate with any place in our region. This is an essential part of the process of unification of the great Latin American and Caribbean family based on a better knowledge of each other and a constant dialogue on all the topics of mutual interest to us.

Throughout the history of mankind, in different ways energy has been the motor of progress and the well-being of man. For a long time, our societies and governments underestimated the importance of this essential factor. The lack of foresight and improvisation in this area in the recent past led to the situations of pressure which many of us in our hemisphere are now going through.

A few weeks ago Santo Domingo was honored by the presence of the president of Ecuador, Osvaldo Hurtado Larrea, at the Second Meeting of Personal Representatives of Chiefs of State and Government of Latin America and the Caribbean. This meeting culminated with the agreements called the "Santo Domingo Commitment," an attempt to resolve the urgent problems that beset us. At that time, we pointed out the following about this topic:

"Along with the world economic crisis and closely tied to it, there is an energy crisis that overwhelms the developing countries that do not produce oil through its negative financial repercussions.

"Energy is a basic factor for progress. Without adequate energy resources, all efforts and future plans for development remain groundless.

"Energy resources also have a singular strategic value. Because of this, situations of dependency are created that affect the sovereignty of our nations and even have serious implications for their domestic security.

"Therefore, the mechanisms and programs of energy cooperation acquire vital importance. This is the reason for the priority that, in our opinion, must be given to strengthening the organisms and initiatives adopted on this internationally and, especially, in Latin America: for example, OLADE and the cooperation programs carried out like the San Jose Agreement sponsored by Mexico and Venezuela.

"Latin America must define special treatment for the countries that need to import their energy resources to rescue them from the devastating effects of the original escalation in oil prices, especially under circumstances when their export revenue fell. They must be given fair conditions in prices and forms of payment, guaranteed the indispensable stability in the supply of their imported energy resources and permitted to execute their respective economic development programs."

I want to stop and briefly analyze this concept because I consider it basic for the establishment of equitable treatment and solidarity between the countries that export oil and those, like the Dominican Republic, that depend totally on imports to take care of their energy needs for hydrocarbons such as thermal generation of electricity, transportation, industrial activity, domestic cooking, etc.

I am absolutely sure that no one has disputed nor can dispute the justice of the claim that the member nations of OPEC have made on their oil patrimony. When the negative effects of the oil price increases began to be felt on the trade balance of the country in 1975 and 1976, our Dominican Revolutionary Party went out into the public arena as an opposition party to defend the right and basis of this claim. It not only meant a reevaluation of that patrimony but also its rescue from foreign hands for the best redistribution of wealth to benefit the entire society in each of the oil-exporting countries.

It also meant a new model in the demand for prices for the basic export products of Latin America. We were all hopeful that this example would permit the countries that produce sugar, coffee, cocoa, bananas, tobacco, bauxite and other traditional products in our hemisphere to escape from the situation of exploitation caused by the low prices imposed by the purchasing countries and to achieve for the first time fair and just treatment in our trade. After all, our products are nothing other than the expression of the joint effort and sacrifice of our peoples.

It was clearly established as a moral commitment by the founding countries and members of OPEC that this claim also meant fighting for a new international economic order, making oil an instrument of this objective of justice desired by all the countries of the Third World. Therefore, it is intrinsic to this



commitment not to treat the poor countries the same as the rich countries in the process of readjustment and reevaluation of the oil and energy patrimony of the member countries of OPEC.

This differentiation became more necessary as oil prices reached undreamed of increases and levels and the escalation that was implacably repressing the world economy extracted resources from the powerful and industrialized countries of the world as well as from the small, underdeveloped oil-importing countries.

Therefore, in the speech we gave to the Dominican people on 20 July, we indicated:

"Aware of this injustice, the oil countries with more exportable production in the region--Mexico and Venezuela but only Venezuela is a member of OPEC--decided in a historic meeting held in San Jose, Costa Rica, in August 1980 between their presidents then, Jose Lopez-Portillo and Luis Herrera Campins, to write an agreement known as the 'San Jose Agreement.' It grants the consuming countries in the region--all Third World countries--special facilities.... This act of Latin American solidarity and justice in the light of the new international economic order advocated by the member countries of OPEC also was recognition of the inability of our economies to pay their respective energy bills which had multiplied far beyond our possibilities of payment while the prices of our basic products, along with the volume of exports, fell to their lowest levels in recent years.

"The original version of the San Jose Agreement was, without question, an exemplary regional cooperation program that has been unparalleled in relations between the nations of the developed world and those of the Third World. However, this praiseworthy initiative--that, naturally, was subjected to a test initially with a term of 1 year--has been renewed in equal increments since the expiration of its first year despite the fact that the initial trial period is over and it proved its operational viability.

"For this reason, the agreement has been renewed again for only 1 year but this time under much more demanding and onerous conditions, the logical result of the atmosphere of public pressure that has been aroused in these two countries. The reason is that the price reduction for hydrocarbons decreed by OPEC meant timely relief for the consuming countries in the area--the Dominican Republic, among others--but has been a harsh blow for the revenue expectations of the exporting countries, especially our suppliers (Venezuela and Mexico). This situation is aggravated by a large short-term foreign debt and massive capital flight which have drained their foreign currency reserves and meant a dramatic devaluation of their currencies, the adoption of strict exchange controls and, in the case of Mexico, nationalization of all Mexican-owned commercial banking.

"This pressing situation that requires great sacrifices from their peoples has caused sectors to question the sensibility of renewing the agreement or suggest the elimination of its financial clause, not understanding that the effective cause of their crisis is not the concessionary terms in financing the

sale of their oil to countries poorer than Mexico and Venezuela but the misuse of their economies by the sectors that have scandalously encouraged capital flight of foreign currency.

"All this domestic tension in their countries has led the presidents of Mexico and Venezuela to substantially modify the financial conditions and terms of the agreement."

We are grateful to Mexico and Venezuela for accepting their obligation of solidarity. We are grateful for and recognize the initiative of the San Jose Agreement, especially its spontaneity, because it was not the result of a process of pressure and negotiation by our countries but a step forward in history, a demonstration that the challenge of the development of new hemispheric leadership was undertaken with a feeling of brotherhood and love for the most destitute. However, it has not been enough.

Because it is their duty and our right to receive different treatment than the powerful nations which have, throughout history, taken advantage of our wealth to the detriment of our national interests. Because our poor, oppressed by age-old injustices, cannot make any harder effort to pay the oil bills on time. Because oil must be the arm of justice and an effective instrument of peace.

For this reason, we indicated in our speech on 20 July 1983:

"The Dominican Government, despite a decision already adopted unilaterally by Mexico and Venezuela concerning the renewal of the agreement next 3 August and while understanding the seriousness of the situation of our countries and the pressing situation in Mexico and Venezuela, presents the need for a multilateral dialogue between supplying and consuming countries. The objective would be not only to preserve the agreement which can mean relief to the purchasing countries whose oil bills are still excessive while our export revenue remains at minimal levels but to convert it into a real, suitable and legitimate instrument of regional development. For this reason, it will be necessary to establish a medium time frame, preferably 10 years with periods of 5 years, so that the urgent decisions concerning regional energy policy that have been put off can now be adopted and a suitable mechanism of automatic adjustment in the relationship of prices and amounts of credit and financing established. It is also appropriate to revert these resources into an increase in our imports of goods and services from Mexico and Venezuela as a means of helping revitalize their economies and productive capacity and reinforcing interregional ties facing this world crisis."

World preoccupation with oil has led to different types of organizations. OPEC defends the interests of its members as producing and exporting countries and, therefore, its function is to preserve the best price and payment conditions for them. However, it must also defend the most deprived.

There were negotiations recently to form what was tentatively called "a Latin American OPEC" which would include Mexico, Venezuela, Ecuador and Trinidad-Tobago. This still has not materialized but we welcome it if it serves to create more awareness about those obligations toward those who lack oil resources.

PLACE [Latin American Energy Cooperation Program] sponsored by OLADE emerged not only as a response to the growing concern about the international situation--particularly at the economic level--but as a mechanism of political support to strengthen the spirit of integration that the extraordinary genius of Simon Bolivar inspired. He demonstrated the strength that lies in the brotherhood of our peoples.

It was right here in the cradle of Hispanic culture on our continent that the ministers of energy of Latin America and the Caribbean, in the name of their respective governments, made the important decision to approve that program in 1981. We must point out Clause 8 of their important statement:

"The future energy supply of the region must be supported by expansion and diversification. However, facing the prospect of establishing a Latin American energy market, the commitments for supplies between countries that export and import hydrocarbons must be negotiated between governments through long-term agreements so that there is mutual security between buyers and sellers as to volumes, prices and payment conditions."

The suitability and correctness of this resolution are self-evident. We take on the task of making it a reality without further delay.

We reiterate our pleasure in your presence which is the presence of Latin American and Caribbean solidarity. We hope you enjoy the traditional hospitality of the Dominican people.

7717

CSO: 3248/8

## RESERVE BANK 1982 DEPOSITS ROSE 6.7 PERCENT

Santo Domingo EL NACIONAL DE AHORA! in Spanish 14 Sep 83 p 15

[Text] Deposits in the Reserve Bank were 6.7 percent higher in 1982 than in the previous year, according to the latest annual report issued to the press yesterday by the bank.

In 1981, the Reserve Bank received deposits totaling 438.1 million pesos. In 1982, they rose to 467.3 million, an absolute difference of 29.2 million pesos.

Savings and term deposits increased about 9.8 percent in the period between 31 December 1981 and 31 December 1982. During this same period, special deposits increased about 318.8 percent and current accounts about 1.2 percent. Deposits classified as miscellaneous decreased about 8.8 percent.

In 1982, savings and term deposits reached 206.9 million while in 1981 they totaled 188.5 million. In special accounts, the Reserve Bank received deposits totaling 18.3 million in 1982 and 4.4 million in 1981.

The deposits in current accounts rose to 187.5 million pesos in 1982; they reached 185.3 million in 1981. Miscellaneous deposits totaled 54.6 million in 1982 and 59.9 million in 1981.

The Reserve Bank reported that its total revenue for 1982 went up to 79.7 million pesos, 16.7 percent more than in 1981 when it totaled 68.3 million.

Its expenditures increased about 21.4 percent. They were 52.3 million in 1981 and 63.5 million in 1982.

In the report, the Reserve Bank stressed that it has a loan portfolio that represents more than 40 percent of the total national banking system.

It reported that the public sector received 60 percent of the loans in 1982.

Loans to the public sector reached 489.2 million pesos in 1982, 23.6 percent more than those granted in 1981. Loans to the private sector totaled 327.7 million pesos, a decrease of 6.2 percent compared to the previous year.

About 103.9 million pesos of the loans to the public sector went to the central government, 12.3 million to municipalities, 65.5 million to nonfinancial decentralized autonomous institutions and 270.9 million to state enterprises. About 5.2 million pesos were used to cover temporary overdrafts in current accounts.

NATIONAL POLICE REGIONAL COMMAND ESTABLISHED

Santo Domingo LISTIN DIARIO in Spanish 10 Sep 83 p 3

[Article by Antolin Montas]

[Text] President Salvador Jorge Blanco established a new National Police Regional Command in the northeast region headquartered in San Francisco de Macoris. Brig Gen Manuel de Jesus Tejada Duverge was named commander.

The officer was promoted last week to the rank of general by President Jorge Blanco. At the time of his promotion, he was director of the National Police Academy in Hatillo, San Cristobal.

The chief of state also ordered the transfer of the southern regional command from San Juan de la Maguana to Barahona. Brig Gen Raul Dario Aristy Calvo will be the post commander.

Also yesterday Col Dr Julio Alcides Pozo Velez took office as general intendant of the National Police.

Pozo Velez was the legal consultant and in charge of public relations for the police. He had been based in Santiago.

Police headquarters sent Col Atty Juan Rafael Grullon Castaneda, a lawyer and officer who is highly esteemed in the National Police, to that post.

This officer has been the defense lawyer for different police agents who have had to go to court for different reasons.

For several years, Grullon Castaneda was president of the Investigating Council based at the National Police Palace.

National Police headquarters also appointed Lt Col Horacio Morales Winster commander of the Department of Road Patrols replacing Col Ruben Dario Vargas Grullon who became director of the academy in Hatillo, San Cristobal.

Veras Grullon replaces Brig Gen Manuel de Jesus Tejada Deverge who was appointed by the president of the republic to the northeast Regional Command headquartered in San Francisco de Macoris.



General Duverge is an academy officer with more than 20 years in service and a command veteran. He has held many positions in the National Police.

Yesterday morning, the chief of the National Police, Maj Gen Jose Felix Hermida Gonzalez, went to San Francisco de Macoris to install General Tejada Duverges.

Major General Hermida Gonzalez pointed out General Duverge's qualities.

When he took command of the Regional Command in San Francisco de Macoris, General Duverge said that he will act according to the law.

He indicated that the doors of his office will be open to resolve problems that pertain to his duties.

General Tejada Duverge has had several tours of duty in command, general staff and public relations.

He has received several medals.

7717

CSO: 3248/8

## BRIEFS

**NEW CEDOPEX DIRECTOR**--Sectors linked to the exporting business yesterday were of the opinion that the appointment of economics and businessman Eduardo Tejera as executive director of CEDOPEX [Dominican Center for Export Development] could mean a change of official policy, with the government giving more support to CEDOPEX. Tejera assumed his position yesterday in a brief ceremony chaired by Industry and Commerce Secretary Jose Antonio Najri. It was announced that the outgoing director, Teofilo Miranda, returns to the Banco de Reservas as a department head. According to unofficial reports, President Salvador Jorge Blanco may start to attend CEDOPEX meetings to show that he wants, as he said in his last speech to the nation, more official support for CEDOPEX. It was believed yesterday among sectors linked to exports that Tejera, who remains as banking advisor for the Executive Branch and member of the Council of Government, will mean much on decision-making in CEDOPEX. [Text] [Santo Domingo LISTIN DIARIO in Spanish 6 Sep 83 p 9A] 9925

**NATIONAL POLICE COMMAND CHANGES**--The Executive Branch has appointed a new national police quartermaster general, while police headquarters had made command changes. President Salvador Jorge Blanco appointed Col (Attorney) Julio Alcides Pozo Velez quartermaster general of the police, replacing Col Sergio Humberto Nin Melo. National Police headquarters made command changes in San Pedro de Macoris and other areas. Col Norvo Antonio Perez was named legal adviser, replacing Col Eladio Lozada Grullon who moved to chief of personnel and orders. Col Raymundo Perez Ortiz was named inspector general, replacing Norvo Perez. Col Francisco A. Baez Martinez was transferred as radio patrol commander in place of Col Carlos Ventrúa Jiminian who became commander of Camp Duarte. Col Bernardo Encarnación de los Santos was named commander of the eastern department with headquarters in San Pedro de Macoris, Vice Col Juan Jose Rodriguez Ortiz who became commander of the San Cristobal unit. Col Plinio Acosta Segura replaced Encarnación de los Santos as radio patrol executive officer. Police headquarters said the changes, including the appointment of Pozo Velez, were routine. [Text] [Santo Domingo LISTIN DIARIO in Spanish 3 Sep 83 p 18] 9925

**CNA SPECIAL COMMISSION**--By recommendation of President Salvador Jorge Blanco, the CNA [National Agricultural Council] resolved yesterday to create a special commission to analyze the present rice crop and the financing mechanism. One of the functions of that commission will be to look at the equipment needs to prepare the rice lands for the last stage of 1983 and the first stage of 1984. [By Miguel A. Matos] [Excerpts] [Santo Domingo EL CARIBE in Spanish 10 Sep 83 p 6A] 7717

LEFTIST SOCIALIST BLOC--Three leftist organizations today merged into what they call the "Socialist Bloc." They are the Socialist Workers Movement (MST), the Socialist Party [PS] and the Communist Nucleus of Workers [NCT]. Leftist leader Rafael "Fafa" Taveras said at a press conference that the decision to merge the groups in a "superior and stronger organization" was made at last Sunday's first national plenum of leaders of the Comdr Francisco Alberto Caamano Deno Socialist Bloc. Taveras said the step taken by these organizations "is part of the unity efforts that characterize the Dominican revolutionary movement." He explained that this merger strengthens the political power of the "Dominican Leftist Front" to respond to the leadership and coordination needs of the popular movement. He reported that the MST, PS and NCT since 2 years ago had been working on a process of unity that led them to legalize themselves to participate united in the past elections. [Text] [Santo Domingo EL NACIONAL ¡DE AHORA! in Spanish 26 Aug 83 p 4] 9925

CSO: 3248/1267

GOVERNMENT, IDB TO FINANCE FIVE HEALTH CENTERS

San Salvador EL DIARIO DE HOY in Spanish 9 Sep 83 pp 2, 23

[Text] Five health centers will be built in Metapan, Sensutepeque, Ilobasco, Nueva Guadalupe and Jiquilisco.

The cost will be more than 35 million colons.

The funds are coming from a loan cofinanced by the Salvadoran Government and the Interamerican Development Bank, IDB.

The health centers will have 72 beds each and offer services for outside consultations, emergency, diagnosis, surgery, and births.

The opening of more health centers in different areas of the country, particularly in the rural sector, besides greatly benefiting thousands of residents, represents an economic aid to the inhabitants by generating more sources for jobs.

On the other hand, it represents an investment for the Salvadoran industrial and commercial sectors since more than 90 percent of the raw materials, supplies and other goods to be used in the construction are Salvadoran.

It is reported that once the work begins the general economy of the country will benefit greatly from the influx of foreign currency from the loan.

The public health leaders have stated repeatedly that they are lending their total support to building the largest number of care centers--principally in the remote areas of the country--to give better protection to the Salvadoran population.

Although it is true that first aid is covered by the primary care given in hospitals, the health centers and posts are indispensable for providing complete service, say the leaders in the field.

For these jobs the Ministry of Health has contracted with the national construction firms Ing. Cesar Augusto Navarrete, Garcia Chinchilla Arquitectos, Constructora Tecnica, S.A., Alvarenga-Avila y Cia and Salvadorena de la Construccion, S.A.

The building of the 5 health centers will begin shortly, according to the Ministry of Health.

## BRIEFS

**LA PAZ HIGHWAY CONSTRUCTION**--Yesterday the minister of public works, Ing Pio Arnulfo Ayala, reported to the Constituent Assembly that the highway from La Herradura to the Cosat del Sol tourist center will be built at a cost of 17,544,000 colons. Said official was called upon by the deputies to provide explanations about a petition to grant an exemption to the Salvadoran company Arco, S.A., the builder of said highway, so that it may import the materials and equipment needed for this job without having to pay taxes. Minister Ayala was of the opinion that the cited exemption is necessary in order to reduce the costs of the project. Officials from the Treasury Department gave statements expressing the same opinion. The head of Public Works told the members of the Finance and Special Budget Commission of the Assembly that the highway in question will foster tourist activity in this area of the La Paz department. It was reported that the mentioned legislative commission has for all intents and purposes issued its favorable decision in light of the importance of this highway project. [Text] [San Salvador DIARIO LATINO in Spanish 9 Sep 83 p 3] 9730

**COFFEE PRODUCTION DOWN**--The president of the National Coffee Institute (INCAFE), Enrique Alfaro Castillo, calculated that there is a decline in coffee production for the current crop, estimated at 20 to 25% compared with the previous crop, due to different circumstances. Ing Alfaro Castillo stated that on the other hand, the exportation of 1,500,000 quintals of coffee from the 1981-82 crop and 1,600,000 quintals from the 1982-83 crop had been achieved, from which 1,400,000 quintals have been purchased from the coffee growing sector. He added that to meet the share for the coffee year, they will have to export close to 3.1 million quintals of the bean and that a surplus of 2 million quintals of coffee is expected. When referring to new markets he affirmed, "we have already sold more than 1 million quintals to countries in the OIC (International Coffee Organization) and we will probably continue like this during the rest of the year due to the existing demand. He indicated that coffee has been sold to Czechoslovakia, Romania, Poland, Bulgaria, Egypt, South Africa, Taiwan, Hong Kong and Korea, thereby making Salvadoran coffee a competitive force in all the world markets with or without a quota. [Excerpts] [San Salvador DIARIO LATINO in Spanish 29 Aug 83 p 2] 9730

CSO: 3248/1271

## BANK OF GUATEMALA ISSUES STUDY ON ECONOMIC PROSPECTS

Guatemala City PRENSA LIBRE in Spanish 7 Sep 83 Economic and Financial Supplement p 7

[Text] The economic and financial conditions in 1983 will be of less consequence for Guatemala than the decline of 1982, according to estimates made by the Department of Economic Studies of the Bank of Guatemala in a publication on this year's prospects.

According to the mentioned figures, economic reactivation could possibly take place later on, as there are several factors that do not permit it to occur in the course of this year.

It is estimated that the gross internal product, in constant prices, will be 2.956 billion quetzals, which means a decline of 2.3 percent with respect to 1982, although that is less than the 3.5 percent registered last year.

The forecast results are associated with various factors. In the first place, this year's policy of curbing public expenditures will mean a decline in public investment of 15.6 percent in constant prices, contrasted with the fall of 29.8 percent in 1982, so that its total will be reduced to 118.4 million quetzals. On the other hand, government general expenditures could register a 6.3 percent increase, which, however, will not be sufficient to compensate for the reduction of 12.4 percent in the previous year, and therefore its level of 216.5 million quetzals will be below the 1981 level of 232.5 million quetzals.

The lower rate of contraction of public expenditures is to some degree attributable to the fact that rationalization of expenditures cannot exceed the limits imposed by the normal functioning of the governmental apparatus so that there will be no effect on basic services to the population and that there will neither be any major direct detriment to the country's employment nor indirect detriment through the demand for goods and services that this government activity generates for the rest of the productive apparatus.

Also, it is thought that at best private investment will remain at the same level as in 1982, due, among other things, to the existence of an appreciable margin of unutilized installed capacity, principally in the industrial



sector, by reason of the weakness of internal and external demand, mainly that demand originating in the Central American Common Market.

From the point of view of private consumption, it is expected that its contraction will be less than that of 1982, which is in agreement with the expected behavior of overall economic activity. In real terms, this variable would decline by 2.5 percent and its level would be 2.2281 billion quetzals.

With respect to the exportation of goods and services in real terms, it is foreseen that there will be a greater decline than that observed in 1982, indeed, the level of exports would be some 426.5 million quetzals, which means a reduction of 14.3 percent compared to 1982, a year in which the decline was 11.3 percent. This situation would be due to the fact that there still remain restrictions on the market for the principal export crops.

A more in-depth analysis of the current declining tendency of the country's economy within a long-term context clearly shows that this trend cannot be attributed entirely to unfavorable cyclical conditions but rather to reasons of a structural nature. The perceptible deterioration experienced by world commerce during recent years would presage substantial changes in the parameters of international trade, both in reference to the structure of trade flows as well as to their composition.

This last factor is especially valid in relation to regional commerce, where the institutional and operational breakdown that has been experienced by the Central American Common Market would seem to be irreversible and in this sense, the possibilities that the said market could absorb the country's manufactured products would be seriously compromised in the future; consequently, the expectations for a recuperation of sales to that market are rather limited.

On the other hand, one must acknowledge that development of the country dependent on the agricultural export sector and the process of industrialization based on the substitution of imports and the incorporation of a protected regional market was not duly accompanied by policies that would favor the strengthening of the domestic market through a better distribution of income and through the adoption of more efficient and more productive production techniques in both the agricultural and industrial sectors. A solid internal market would have made possible better resistance to the collapse of the Central American Common Market and to the capricious changes in the export markets for our principal traditional products.

#### Unemployment

One of the principal characteristics of the current economic crisis is the increase in unemployment, says a study by the Bank of Guatemala, where it is estimated that the unemployment rate could reach 8 percent this year.

This increase in unemployment in the labor force is a consequence of the deterioration of the labor market. Nevertheless--the study emphasized that

it is an evaluation of the country's economic and financial activity in 1982 and its prospects for 1983--it is important to indicate that most of Guatemala's employment is underemployed, for reasons such as the fact that the labor capacity is not fully used.

In accordance with statistics of the General Secretariat of Economic Planning, in 1982, the economically active population or the labor force rose to 2,320,246 persons, of whom 2,200,621 had jobs. That is, 5.2 percent of the labor force was unemployed, an increase of 2.1 percent over the 3.1 percent registered in 1981.

In 1982, as is explained in the work already mentioned, the number of underemployed persons rose to 770,580, a figure that represented 33.2 percent of the labor force and an increase of 2.1 percent over the 31.1 percent in 1981. It is estimated in the study that the underemployed rate will rise to 33.7 percent for 1983.

9746

CSO: 3248/1277

## PSD ANALYZES CAUSES, EFFECTS OF MEJIA COUP

Guatemala City PRENSA LIBRE in Spanish 24 Aug 83 p 6

[Text] "Whether the election schedule accepted by the previous administration is kept or moved up, elections without guarantees of participation by the democratic and popular trends, and with a government which seeks the backing of the traditional sectors, will only lead us to a prolongation of Guatemala's tragedy." This was the sentiment expressed in a manifesto published by the leadership of the Social Democratic Party, which is in process of being formed, after an analysis of the coup d'etat of 8 August, which they described as the result of the progressive deterioration of the power system in Guatemala.

## Congratulate PRENSA LIBRE

In a note accompanying the aforementioned manifesto, the PSD [Social Democratic Party] expressed its congratulations to PRENSA LIBRE on its 32d anniversary. The leaders expressed their hope that the future will bring much satisfaction to those who have made the success of this newspaper firm possible, and said they hoped that a real respect will be maintained for the free expression of thought, over and above political, ideological or any other type of differences, as a means of struggling effectively "for independent, honest and dignified journalism," as the newspaper's motto states, to the benefit of all the Guatemalan people, without regard to class.

## The Manifesto

"The new coup d'etat," the manifesto states, "has sought to justify itself with the argument that it is directed against government corruption and religious fanaticism.

"However, although religious fanaticism and the tax package proposed by the former administration were the source of general discontent, the coup is really the result of the growing incapability of the traditional sectors to maintain their hegemony in Guatemalan society.

"This is reflected in the deep divisions which are found within the national army and among economically powerful groups. The change in government represents a readjustment of the bloc of ruling forces, which are trying to

maintain the same system of authoritarian and repressive government and are oriented to consolidating power in the traditional groups and preventing the progressive deterioration of their supremacy.

"In addition," it says, "the recent coup d'etat fits into the political and military strategy of the Reagan administration and is manifested in the growing subordination of the national army and of Guatemala's foreign policy to the United States Government.

"In its statement on the Central American political situation published in LA PRENSA of Panama on 31 July, on the occasion of the meeting of the Contadora Group, it pointed out that 'the military staff involved in an authoritarian and repressive plan on the national level is gradually becoming in addition, an active instrument in the service of U.S. strategy in the region.' That statement is proved now, when one sees the position adopted by the new military government with regard to the Central American problem.

"Taking the foregoing into consideration," the manifesto stresses, "the Social Democrats wish to bring to the attention of national and international public opinion: that the indifference and fear with which the coup d'etat has been received by the people in general should force us to reflect on its true nature. This coup does not mean a step forward in the process of democratization, but rather an attempt to halt the deterioration of the supremacy of the traditional sectors.

"The cancellation of the courts of special privilege and of the state of alert only seeks to confuse the public," the PS added.

Finally, the party calls upon all democratic forces which have come forth recently and on the popular forces to fight, whether individually or in conjunction with others, for a truly democratic policy which will permit and encourage the participation of all the Guatemalan people, and for the traditional political and economic sectors, which today support a cosmetic type of democratization in order to guarantee their monopoly of national political activity and the perpetuation of the same system of government, to step aside.

8735

CSO: 3248/1260

## BRIEFS

**BANDESA LOANS**--The government has granted loans, through the National Agricultural Development Bank, to more than 14,700 small and medium farmers in our country, for an overall total of over 26 million quetzals, between January and July of this year, it has been reported in a press bulletin. It is reported that present bank officials have been especially concerned with assisting the country's farmers with a more rapid, dynamic and favorable credit system, including substantial changes, which have produced the current results, in addition to the innovative opening of rural agencies and offices in the more remote parts of the republic. The increased production of staple grains by the small and medium producers has been noteworthy, especially in view of the fact that the country has been plagued by several phenomena. This is also reflected in the livestock-raising industry, an important source of both food and foreign exchange, and in BANDESA's [National Agricultural Development Bank] financial aid to improve the living conditions of the peasants, it was pointed out. The press bulletin added that the thousands of small and medium farmers who have benefited from the application of the new systems are constantly expressing their appreciation to the officials of the bank in question. [Text] [Guatemala City PRENSA LIBRE in Spanish 25 Aug 83 p 12] 8735

**HIGHWAY EMPLOYEES PROTEST ARMY INTERFERENCE**--More than 400 employees of the General Directorate for Highways are asking the head of government, Gen Oscar Humberto Mejia Victores, to return soldiers still in that agency to their barracks as soon as possible, since they are continuing to commit abuses against the civilian employees. Several individuals, who refused to be identified for safety reasons, told the newsmen that when General Rios Montt came to power, the Highway Directorate practically became a "military detachment," with more than 40 young officers coming to work there. After 29 June, they said, some returned to their barracks, but there are still some soldiers remaining who, before Rios Montt was removed, forced civilian workers to join evangelical churches. The inspector general of the agency, Maj Cecilio Antonio Pelaez, they explained, had been removed from his job, but surprisingly enough he has returned, which has caused anxiety and unrest in the highway agency, because "he has behaved abusively and dictatorially with the personnel." They are asking General Mejia Victores to return the young officer in question to his military post, along with others who are still working in the agency. [Text] [Guatemala City PRENSA LIBRE in Spanish 24 Aug 83 p 8] 8735



FINANCIAL AID OFFERED UNIVERSITY--It was with great optimism that the rector of San Carlos University, Dr Eduardo Meyer Maldonado; the secretary general of the USAC, Jorge Caceres Aragon and the deans of the various departments of that educational institution left the office of Gen Oscar Humberto Mejia Victores, where they received the good news that the needs of San Carlos University will be met. Dr Meyer Maldonado was interviewed by newsmen as he left General Mejia Victores's office in the National Palace, and he told them he was pleased by the cordial and, it might be said, generous manner in which they were received by the chief of state. The rector, Dr Eduardo Meyer, said that the high official offered the possibility of a grant to the university for the remainder of this year of 5 million quetzals, and 10 million quetzals for next year. Both the deans and the secretary general, Caceres Aragon, said they were pleased by the offer, since it will permit USAC officials to solve, in part, their tight economic situation and what is more important, to accept the registration of no less than 15,000 new students for the next term of studies. [Text] [Guatemala City EL IMPARCIAL in Spanish 30 Aug 83 pp 1, 7] 8735

INFOM BUDGET FOR 1983-84--Guatemala City, 6 Sep--The chief of state, Gen Oscar Humberto Mejia Victores, visited INFOM [Municipal Development Institute] today and affirmed that the current government will support rural development through the country's municipalities. This year, INFOM will have 21 million quetzals for 386 projects in the interior of the country to provide water and to construct markets and second-hand markets. Special attention will be given to many regions in the interior of the department of El Quiche. Another 33 million quetzals will be invested in 1984. The chief of state spoke about this with the manager and Technical Council of the institution, at the same time informing himself of the projects that will be carried out and others in planning. There were extensive talks on the importance of promoting development in the interior through the populations corresponding to the department capitals, but also of integrating that development with the rural areas of the departments. One of the aspects to be resolved will be the reconstruction of the mayoral office buildings destroyed by the violence of recent years, as well as the provision of water, construction of local roads, markets and other services. The chief of state left pleased with the meeting, repeating his firm support for the institution. Dario Villatoro, INFOM manager, said that Gen Oscar Humberto Mejia Victores is the first chief of state who has demonstrated real concern about the multiple problems of the inhabitants of the country's interior, but now it is clear what role INFOM should play in this problem. [Text] [Guatemala City DIARIO EL GRAFICO in Spanish 7 Sep 83 p 2] 9746

IDB LOAN FOR AQUEDUCTS--Guatemala obtained a loan from the IDB [Inter-American Development Bank] in the amount of \$16.8 million to aid in the financing of the fourth phase of the national rural aqueducts program. This was reported by IDB, indicating that the program consists of the construction of 110 new rural potable water systems in 185 communities with a population of more than 90,000. It also involves the rehabilitation of 93 aqueducts, the acquisition of equipment and spare parts and technical assistance to the Executive Unit of Rural Aqueducts. The total cost of the program is estimated at \$21 million. According to the bank, there will be international bidding for the acquisition of goods and services with IDB resources. [Text] [Guatemala City EL IMPARCIAL in Spanish 3 Sep 83 pp 1, 11] 9746



## PMT DECIDES AGAINST TALKS WITH PSUM ON UNIFICATION

Mexico City PROCESO in Spanish 22 Aug 83 pp 35, 36, 38

[Commentary by Heberto Castillo: "PMT Gives up Talks with PSUM as Unsuccessful"]

[Text] The text of this article is published with the unanimous approval of the National Committee of the Mexican Workers Party [PMT].

The PMT leadership proposed to the Unified Socialist Party of Mexico [PSUM] that the talks on merging, suspended in 1981, be resumed. After much discussion, because that party's leadership advised that nothing could be resumed since the organizations which signed that agreement with the PMT had been dissolved in order to give birth to the PSUM, we agreed to hold new talks. Each party appointed a commission of four persons, all from the top leadership level, to tackle the problem. They met regularly for 2 months and reached agreements. In particular, the new party's declaration of principles was approved by both delegations. Substantial progress was made in discussing the platform and bylaws. The previous proceedings from 1981 certainly helped a lot. In regard to the new party's name and symbol, there was discussion about the need for changes to be made. The comrades approved it in principle. It would have to be discussed, of course!, at the PSUM Congress and the PMT Assembly, the one in August--already held--and the other in September--to be held.

No one can avoid the fact--with the exception of very stubborn people--that the PMT did not want to become part of the PSUM. The aim was to form a new party.

There were delays during the talks because some comrades did not attend, the documents approved were not presented or postponements were requested. All quite natural. But the delays were due basically to PSUM comrades. As that party's Second Congress drew near, things became so complicated that the declaration of principles, revised and approved by the two delegations, could not be signed. The PSUM said that it wanted to be familiar with all proposals, the platform, bylaws and merger process.

We sent the complete platform to the PSUM and waited for a week for some message from the PSUM about it. None arrived.

In spite of this, we decided to send a document to the Second Congress, elaborating on our proposal. We stated that if our suggestions concerning the name and symbol were not approved by the congress, we would withdraw them and accept any proposal of the comrades as long as it did not involve either the names or symbols of the parties which had given rise to the PSUM, or those of the PSUM itself. That document was

read by comrade Eduardo Valle on behalf of the PMT National Committee on the first day of the Second PSUM Congress. It should be pointed out that the report of the PSUM Central Committee [CC] did not say that we had made progress in the talks, much less that the declaration of principles had been approved. It stated only that initial talks had been held and that congressional participants were requested to authorize the CC to be elected to continue the talks.

Such a description of the situation implied a CC decision of which we had not been informed: to postpone the merger. It was obvious that the PMT National Committee could not thus recommend, in its Third Regular National Assembly in September, anything other than to continue the talks.

Our actual recommendation was to carry out the merger. But not on the decision of the leaderships, rather on that of the congresses. We cannot hold national assemblies every time something important happens. We do not have the money; our party is composed mainly of workers and farmers, poor and humble people who have to make a great effort every time they travel to Mexico City.

We expected a response from the congress, not from the CC. The entire congress responded with silence.

In the closing speech, Pablo Gomez did not even refer to the matter. He said yes, that the PSUM would always be the PSUM. We thought that if the congress had decided anything, Pablo would have announced it. The PMT National Committee therefore considered the talks on merging to be over and has decided to hold its Third National Assembly to recommend intensifying PMT members' efforts to obtain its conditional registration, in order to be able to participate in the 1984 federal elections.

There has been a lot of discussion about our obstinacy to have the merger approved in 1981. People have asked why we postponed it because of such secondary matters. It should now be clarified whether such matters are really secondary.

We know that there are those in the PSUM who are not opposed to a name change. But there are few who would agree to a change of symbol. It is primarily the form rather than the content, even though they maintain that the problem is not one of form, but of substance. What fear! The PPS [expansion unknown] could change its name and symbol and adopt the hammer and sickle and name of the Communist Party; that would be another practical argument of PSUM members.

It is odd that it is now PSUM members who are opposed to the merger, solely because they do not wish to change their party's symbol. The PMT leadership agreed to practically everything else. And they did not agree to merge. Why? Because the Marxist left in Mexico is suffering from ideological colonialism. It needs outside support, even though it is support of theory and form, and not economic or moral. The leaders of socialist countries do not consider parties which do not declare that they embrace Marxism, in one form or another, to be brother parties. The rest of the revolutionary parties are more or less second cousins. Identification lies in the symbol, the hammer and sickle, or the name or express declaration that they are Marxist-Leninist, or simply Marxist. If they do not say this, they are not. The ruling comrades of other nations have no doubt about that.

We have placed a lot of emphasis on the need to attract workers to the organized party struggle. All we parties proclaim that, of course. But none do it. The vast majority of poor workers and farmers, of course, are not Marxists, nor do they even know what that is. But the Mexican left talks about its parties being Marxist. The PSUM says that, as do the PRT [Revolutionary Workers Party], the PPS and the PST [Socialist Workers Party]. Their guiding principles are Marxist. They say that. But no one can prove it. Who could state exactly, without entering into an endless polemic, which type of Marxism is best, China's brand or the USSR's, Cuba's, the GDR's, Poland's, Yugoslavia's, or that of any of the countries governed by avowedly Marxist parties? Which type is best?

There is no desire to understand--apparently it is not convenient--that the people of Mexico, and of many places in the world, fear communism and Marxism. An effort is made to overlook the long--it has been going on for more than a century--and intense publicity campaign against communism, against Marxist sociological, economic and philosophical principles. This campaign has been conducted first by capitalist interests and secondly by imperialist interests, with the staunch support of the Catholic, protestant, Buddhist, Moslem and all other churches, persistently and terribly. But this fact does not exist for leftist comrades. And if it does exist, then the way to combat it is by passionately defending the external symbols of Marxism, of communism. Struggles to realize revolutionary ideas without proclaiming that they come from Marx, Engels, Lenin, Trotsky, Mao or Stalin, depending on the preference, is something inconceivable, shameful, amounting to betrayal.

Those who travel through the country campaigning in that way will make no progress. They will continue to be the country's third electoral force. Any of the leftist parties. And running third, a little distance behind those in second place, are PAN [National Action Party] members, those members of the romantic right. Yes, romantic when compared to the PRI's right wing, which has grown to the extent that it has cornered, and pinned against the wall, the progressive members who are still part of the PRI, those who still believe in the Mexican Revolution and defend the positions taken by Zapata, Villa and Cardenas.

The ideas of the revolution, the only revolution which is possible today, the one which will make society the owner of the means and instruments of production and change, the one that will prevent political power from remaining in the hands of a privileged minority, the one that will socialize political power, do not require sponsors. They are like the laws of nature. They operate regardless of their discoverers. Bodies are attracted to each other in direct proportion to their masses and in inverse proportion to their distances regardless of Galileo, Newton or Einstein. They are dead, quite dead. But the attraction between bodies exists. Measurement of their sizes may be perfected with time, but anyone who fails to state that the laws of classical mechanics were developed by Isaac Newton will not have any problems with the engines he designs if he applies those laws correctly. This also happens in the case of social laws. The laws discovered by Marx, Engels and Lenin exist, they are there, regardless of them. No one invented the class struggle. It exists everywhere. It is found in every corner of the globe. Even in spite of the decrees issued by some petty dictators to abolish the class struggle.

Our party, the PMT, understands the nature of the class struggle in our country. We know that we have to bring the most oppressed Mexican workers into our ranks, those who have nothing else to lose except their chains. But we in the PMT know

that it is we, and not the workers, who are aware of that very fact, that they have nothing more to lose except their chains. And one of our primary obligations is to make those workers, laborers and intellectuals aware of the fact that they have nothing else to lose, to make them understand that the hopes which they periodically place in the class in power are empty illusions, and that the only force which can liberate them is that of themselves, politically organized.

In the PMT, we have understood that the revolutionary alternative in Mexico lies with depoliticized workers, who are the vast majority, with day laborers, public and private employees, housewives who are doubly exploited by the system. Following the Second PSUM Congress, we have understood even better that the revolutionary alternative does not lie with those who are ideologically colonized, with university professors who get paid for teaching Marxism, with those who name their children Lenin or Lenina, Che or Ho Chi Minh, with those who have in their dining rooms a picture of Lenin haranguing the masses in Red Square, or of Trotsky presiding over some Red Army march, or a Christ-like portrait of Che Guevara, instead of a painting of the Last Supper. No, the revolution in Mexico will come perhaps even in spite of those alienated comrades.

We know that the struggle will include all those professors and students, intellectuals, members of the middle class and perhaps of the bourgeoisie itself, who understand that the future of human beings is on the side of the workers, of those who produce, with their hands, their toil and their sweat, the wealth which some of us presently enjoy. And that as a result of such understanding, they will gradually dispense with their class status and will devote themselves to the revolutionary struggle. No intellectual in the past, in any part of the world, actively participated in a revolution by remaining in his study. They all marched alongside the people, behind them or as their vanguard. Perogrullo proved that in order to move forward, he had to be in the lead. That is what Hidalgo, Morelos, Juarez, Flores Magon and Madero did, as well as Bolivar, Martí, Sandino, Castro, Marx, Lenin, Mao, Trotsky and Ho Chi Minh.

Thus in Mexico, we in the PMT understand that there is no longer any possibility of joining forces organically, in a single party, with those who have been unable to overcome their dependence, with those who have not been able to understand that the possibility of waging revolution in Mexico depends on our being able to nationalize revolutionary theory, to nationalize the revolution. We will advance by doing so. We in the PMT are ready to attempt it. We know that millions of Mexicans will fight to defend revolutionary ideas, to apply revolutionary theory, convinced that in Mexico it is we Mexicans who know how to wage revolution in Mexico, that we Mexicans are capable of finding the solution to our problems and finding our own national revolutionary banners, banners which our people, and not other peoples, respect and revere.

We in the PMT will do it. Time will tell.

11915

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## THIRD PMT NATIONAL ASSEMBLY OPENS 8 SEPTEMBER

Mexico City UNOMASUNO in Spanish 9 Sep 83 p 5

[Article by Ubaldo Diaz and Sara Lovera]

[Text] Nine years after it was founded and after five splits, the Mexican Workers Party (PMT) opened its Third National Assembly yesterday, affirming that it "will emerge stronger" and with the explicit aim of acting "without predominance or prejudice," as Heberto Castillo stated in a 36-page report covering the PMT's domestic and international activities in its 9 years of existence and analyzing the clash over which Demetrio Vallejo deserted that party, as well as a brief explanation of why the PMT will not attempt to merge with the Unified Socialist Party of Mexico (PSUM) and will seek conditional registration in 1985.

The assembly was attended by representatives of every membership level, from grass-roots committees on up to the National Committee, a total of some 205 delegates from all over the country, representing 15 states of the republic--the largest delegation was from Guerrero--and was also attended by about 20 domestic and foreign brother delegations and more than 100 distinguished sympathizers.

Jose Alvarez Icaza was in charge of reading the list of those attending and Luis Cervantes Cabeza de Vaca acted as master of ceremonies, stating repeatedly that the PMT had not split nor been dissolved. "We are more, a little more, than five," he said.

In his political analysis, Castillo said that it is necessary to "abolish bossism"; he said that in Mexico we are on the verge of fascism, that we are going through a critical economic situation, a consumption crisis and a terrible financial crisis.

The national PMT leader acknowledged that the party is still insufficiently organized and has a low level of organic growth throughout the country, a poor political education and "mendicant" finances, primitive propaganda methods, still limited influence on workers and farmers, very little trade-union presence, and a publication read late and hardly at all by members. This, he said, "must stop" and urged those present to form thousands of grass-roots committees, especially among laborers and farmers.

In relation to other popular organizations, he recommended unity of action as "an indispensable tactic" in a country which he said is going through "extremely difficult circumstances." He then announced that there will be changes in the PMT's

declaration of principles in order to "take away from the government any pretext for denying our registration."

He noted that organizations of women, young people and farm workers, encouraged by the PMT, are not its tools but rather independent organizations "whose sovereignty we must scrupulously respect" and stated that a national trade union for household workers will have to be established.

In referring to the Vallejo case, Castillo emphasized that the former and his followers lied and were mistaken and now, he said, "they were afraid to give any explanation here." He criticized their position and stressed that in the PMT "there are no revolutionary bosses socially and no conservative bosses politically, nor do we want any." He said that personal political power corrupts, therefore "we do not seek to make revolution to promote one man's power, but rather to socialize power so that it can be exercised and used collectively" and reminded that prestigious and influential members must contribute to the PMT and not expect to receive from the party.

Concerning the merger with the PSUM, Castillo explained to the assembly that it had refused to change its name and symbol and said that agreeing to allow these two things to continue "would amount to having our members join that party, which does not interest us, nor do we want it." He therefore recommended that "the talks be considered over." However, the PSUM's message to the assembly suggests that party's willingness to continue working for unification.

11915

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## REPORTER VISITS AREAS IN SOUTH CONTROLLED BY ARDE

San Jose LA REPUBLICA in Spanish 26 Aug 83 p 14

[Article by Yehudi Monestel A.]

[Text] Rio San Juan Department, Nicaragua--Several attempts by the Sandinist Popular Army (EPS) to recover key positions taken by the guerrillas of the Democratic Revolutionary Alliance (ARDE), have been fruitless, and the objective reality which is observed on a trip from the Atlantic to near "El Castillo de la Purisima Concepcion," passing the torrent of Machuca, is that of absolute territorial control by the rebels led by Commander Zero (Eden Pastora).

What stands out in the picture is undoubtedly that fact that the rebels control the San Juan River for a length of over 70 kilometers, from the mouth at San Juan del Norte to a distance 3 kilometers from El Castillo.

This circumstance has "given back" to Costa Rica the right to free navigation on the river, which must be carried on with due precautions, because the planes of the Sandinist Air Force (especially some old "Push and Pull" Cessnas) have attacked several times what they assume to be rebel "strongholds." They even attacked vessels that moved on the waters of the old "Desaguadero."

Nevertheless, the air attacks are beginning to dwindle and presently a pilot who makes close to ground level flights over San Juan is almost certain not to return alive from his mission, because on strategic hills and hidden, isolated mountainous country, there are antiaircraft gun emplacements to shoot down the planes.

#### Bombs Over Las Banderas

On many occasions Nicaraguan military planes have attacked some of these points, like for instance the so-called hill or hillock of Banderas or El Azahar, in Nicaraguan territory facing the Mouth of the Sarapiquí, where some old buildings "fortified" from the Somoza period, repaired and renovated under the control of the border guards of the Sandinist Front of National Liberation, have suffered the impact of the bombs and air-to-land rockets fired by the "Push and Pull" aircraft.

This strategic position, the front part of which overlooks the San Juan River and the Sarapiquí, and the back of which overlooks the impenetrable jungles of Las Banderas and the Laguna de Chimirria, was fortified with trenches around it, 2 storehouses for weapons and a half pulled down house on the lower part of the hill for the operation of the "customs house."

The most recent attack destroyed several of these buildings and left exposed the entrance to a subterranean gallery in which there was one part set aside for a jail. This jail, according to old reports by those who had been abducted and boatmen detained at the Sarapiquí, was used to "punish" those suspected of collaborating with the rebel forces of Pastora.

The guerrilla responsible for the past, called "El Chino," reported that a similar underground "jail" had been discovered on a hill at Boca de San Carlos and that it contained "human remains."

This Is Not A Positional War, But...

A guerrilla leader responsible for a very extensive area to the north of San Juan and part of the Atlantic, is Tito Chamorro.

"Our struggle has guidelines focused on the tactics of guerrilla warfare, and is very far from being a positional war, but we are supporting more than 40 districts, towns and strategic places on account of inertia, simply because the soldiers of the EPS [Sandinist Popular Army] did not attack again and a huge geographic area of Nicaragua has come to be liberated land, the control and authority over it is totally in our hands."

Our journey of "substantiation" began at Barra del Colorado, from which we went up along the San Juan up to a point near San Juan del Norte. We then came down again along the river and worked our way inland through the mountains of southern Nicaragua to several rebel locations leading to Boca del Sarapiquí [Mouth of the Sarapiquí], continuing again by water to Boca de San Carlos and from there again by land to other points located at a depth of 15 kilometers within Nicaraguan territory, until we were beyond the torrent of Machuca. Then we entered an area in which Pastora's guerrillas continue to keep up a show of daily struggle, in the so-called "Tangos".

What Does All This Imply?

"This 5-day trip implies that we could verify objectively--owing to our freedom of movement--the rebel control over a large part of the Atlantic coast, from Punta Gorda, to the south, up to Monkey Point and the district of Haulower, following along Boca del Rio Maiz, "Spanish Creek," the Indian River up to its headwaters at the Cerro de La Guinea, the whole of the Pejibaye River that leads to Punta Gorda, San Juanillo River, El Cedro, Los Canones, Garnacha Island and the environs of San Juan del Norte, a historic town in Nicaragua that is "besieged" and from which part of the civilian population has fled. This town must be supplied by air with food, tools and war equipment for its EPS [Popular Sandinist Army] defenders.

An ARDE commando leader by the name of "Mello" reported that "the place does not interest us as a fixed position, and we have presently exposed it to a wear and tear operation, with almost daily attacks by artillery and raids that have taken us to its outskirts, where we were able to substantiate that the old airfield is full of craters, made by the FSLN [Sandinist National Liberation Front] when they bombed the place believing we were there."

"The proof of our control is that the same armed vessels of the EPS have not sailed close to shore again along this area of the Caribbean, below Punta Gorda, because we have already eliminated several launches of theirs with supplies, and our coastal artillery is trained to sink their vessels fairly precisely," said Mello.

#### The "Northern Area" of the Southern Front

The penetration toward the north, east and west of Nicaragua starting from the San Juan River, which is like "a symbol" of the so-called Southern Front of ARDE, is constant.

There are guerrilla detachments "wasting away" in these jungles and others controlling positions oíke La Tigra, Machado, Puercos, Montes del Guapote, Boca San Carlos, Los Conchudos, Danta, Delta, El Chanco, Pejibaye, outskirts of La Azucena, Boca de Sarapiquí, Nelson Island, Diamond Island, Boca del Infernillo and the districts of El Delta, San Rafael, San Francisco, Santa Cecilia, Mechuda, El Reloj, Santa Isabel, La Trinidad, Poyoyo, La Gloria and El Paraíso, where the Nicaraguan population has joined in tasks of direct support to Pastora's troops.

Another guerrilla leader called "Oscar," who when he first began fighting was with the FARN [Armed Forces of National Resistance] of El Negro Chamorro, observed that the enormous territory liberated "goes beyond what the nine Marxist commanders of Nicaragua will accept and therefore, any careful assessment becomes a dagger thrust right in the heart of the power of the traitors of the Sandinist Revolution."

#### The Two Extreme Points of Action

The two extreme points of military activities--except for cases of sporadic infiltrations in areas previously mentioned--are those in the far north of the Atlantic coast, between Nueva Guinea and the road to Bluefields, and the adjoining area to San Carlos, the lake port to the east of the Gran Lago de Nicaragua, where the commandos of "Tadeo" are fighting hard at Boca Negra, Santa Rita, La Azucena, Concordia, Guineal, Le Mechora hills, Los Rincones, San Pancho, and environs of Punta del Diablo almost right on top of the port of San Carlos.

Of course the whole picture is rigged for death, wounded, suffering, sometimes truly indescribable sacrifices, and political action to guarantee peasant cooperation in all the aforementioned towns.

Recently a column of the EPS was "stopped" near Nueva Guinea at a very high cost in human lives to the Sandinists and of only 2 wounded to the guerrillas. These wounded men were rescued by sea from the mouth of the Maiz River, and moved to a hospital port near San Juan del Norte, where they were cared for. We were witnesses of the risk that "El Capi", "Mello" and Buzo ran in an outboard motor launch to rescue their companions, one of whom had a foot shattered by a bullet wound and the other, serious internal injuries.

12448

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## REPORTAGE ON SHINING PATH ACTIVITIES

## Senderists Kill Mayor, Governor

Lima LA PRENSA in Spanish 2 Sep 83 p 1

[Text] A mayor and a lieutenant governor were assassinated by terrorists in the La Libertad Department mountains after being subjected to a "people's trial." APRA (American Revolutionary Popular Alliance) Mayor Genaro Castillo Vasquez (44) and Lieutenant Governor Jose Chipin Chacon (48) were executed by some 40 subversives in Curgos, a district located 200 kilometers to the north-east of Trujillo, in the Province of Sanchez Carrion, La Libertad Department. The Senderists yesterday burst into the locality of Curgos and went to the mayor's office from which they carried him by brute force to Castillo Vasquez. They did the same with Chipin Chacon and led both to the Plaza de Armas. At this place they subjected them to a "people's trial" and then shot each in the head. Subsequently they fled. Patrols from the Civil Guard of Huamachuco took off in the direction of Curgos to pursue the subversives. The double murder was confirmed in this city by the Fourth Command of the Civil Guard, headed by GC Commander Demetrio Vera Fernandez.

## Republican Guard Repels Attack

Lima LA PRENSA in Spanish 5 Sep 83 p 5

[Text] A terrorist attack on the explosives deposit of "Loma Blanca," located 15 kilometers from the city of Cajamarca, was valiently repelled by Republican Guard security detachment personnel with no material damage or casualties resulting among the subversives or police personnel. The attack, which would have had the objective of providing the Senderists with explosives in order to continue their delinquent attack on installations and against human life, occurred at 2 am last Saturday and was broken up and crushed within minutes after it began, according to police sources. The authors of the attack were of indeterminant number; under cover of the night darkness, they tried to surprise the guards as occurred in the attack on the thermal Electric Peru plant in Cajabamba. On that occasion the Senderists killed two Republicans who valiently defended the installations, but the numerical superiority of the attackers overcame them. The senderists, apparently, are trying to create a new terrorist center in Cajamarca and to distract the attention of the police forces towards that zone and to be able



to operate freely in the city of Ayacucho, according to intelligence sources of the PIP (Peruvian Investigative Police). The forces of order are maintaining vigilance in important areas and installations in order to avoid their being targets of attack.

#### Terrorist Leaders Captured

Lima LA PRENSA in Spanish 5 Sep 83 p 5

[Text] The Civil Guard of Chimbote leveled a hard blow at terrorism by thwarting a group of the "Shinning Path" and capturing the presumed leading terrorist, Santiago Hugo Iparraguirre Castillo (28), "Comrade Carlos."

A student in the Dentistry Program of the University San Luis Gonzaga of Ica, Iparraguirre confessed to the police that he belongs to a "Detachment of the Communist Party of Peru," being part of the support group to the armed struggle which is developing in the country.

He said also that together with his "comrades," he was dedicated to composing communist slogans, placing flags, as well as writing anonymous pieces containing threats to the authorities of the Pueblo Joved of Coishco located in the Santa district.

Given the declarations of Iparraguirre, personnel of the Chimbote Civil Guard Thirty-seventh Command specialized in antisubversive activities mounted a large police operation whose result was the capture of five other terrorists who had been operating for some time in the jurisdiction of the Santa.

The subversives have been identified as Patricio Huamayalli Rafaile (33), "Comrade Samuel," identified as the head of the group; Modesto Teran Sanchez (27), "Comrade Jorge," commercial accountant; Oscar Sigfrido Cabredo Reyes (21), "Comrade Luis," and Domingo Apolinar Cornelio (32), "Comrade Raul."

The police likewise brought about the capture of Fredy Yorique Rojas Arango (21), "Comrade Tomas," student at the Technical University of Cajamarca, identified as the principal "contact" of the group, evidently having established the principal liaisons and coordinations with Augusto Messich, "Comrade Carlos," in January of the present year.

Mezzich evidently provided Rojas Arango--"Comrade Tomas"--with a thousand pamphlets on "Let Us Develop the Guerrilla War," having planned a meeting around this time with a "detachment" which operated in Chimbote in order to evaluate its makeup.

Equally, it has been stated that the terrorist group which has been thwarted operated since March of this year, and its first action was the elaboration of a text alluding to armed struggle and the planting of the communist flag in the locale of Pesca Peru, in Chimbote.

Those under arrest said that among their future plans were included the assault on different Civil Guard posts of the locality of Chimbote in order to acquire arms.



With the subsequent detention of the presumed terrorists, the CG carried out a painstaking search of their respective dwellings, from which they seized a large amount of subversive propaganda, pictures and communist flags.

The six presumed terrorists have been placed at the disposal of the State security of the PIP (Peruvian Investigative Police) of Santa in Chimbote

12372

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FURTHER REPORTAGE ON SHINING PATH ACTIVITIES

Terrorist Casualties Reported

Lima EL OBSERVADOR in Spanish 13 Sep 83 p 6

[Text] Seven residents of Pampay, in the department of Ayacucho, died yesterday at the hands of the police under circumstances which have not yet been clarified. Family members have charged that the villagers were murdered by law enforcement agents who suspected them of being alleged terrorists.

The actions were denied by the Ayacucho Political-Military Command, which also refused access to information which might clarify the charge.

In addition, two bodies bearing visible marks of savage torture were found outside the city of Ayacucho. They were decomposed and had been scalped.

Terrorists Kill Soldier

Lima LA PRENSA in Spanish 14 Sep 83 p 1

[Text] Ayacucho, 13 Sep--A group of terrorists armed with revolvers and automatic rifles ambushed an army truck carrying a patrol this morning, killing one army corporal and wounding another.

The attack took place at 10:15 am near Ccentabamba, district of Ayna, in La Mar Province, 200 km southeast of here. The truck was bound for San Francisco.

Peruvian Army Cpl Jesus Quispe Mendoza died as a result of the attack, while Cpl Gregorio Quispe Arango was seriously wounded. Gregorio Quispe was taken to Lima this afternoon.

The terrorist attack on the members of the army was confirmed by the Ayacucho Political-Military Command in communique No 79 issued this afternoon.

The army patrol returned the fire, but it is not known if any of the terrorists were hit.

## Peasant Casualties Reported

Lima EL COMMERCIO in Spanish 19 Sep 83 p A-15

[Text] Ayacucho, 18 Aug--Funeral services will be held tomorrow, Monday, for the three Romero Ayala children and a young woman, who died yesterday morning when a grenade thrown by a terrorist, said to be between 15 and 16 years old, exploded in the home of the victims in the city of Huanta.

Hundreds of persons have been filing past the bodies of the victims, which are lying in state. The dreadful act has caused almost everyone to express his condemnation of the criminal behavior of the rebels.

One of the survivors, Zenobia Romero Ayala, 18 years of age, wife of Walter Abanto Palomino and mother of a 3-month-old baby, said that the act was a reprisal, because several members of the police had stayed in her home on Friday, while they were checking passing vehicles and arresting undocumented persons. She said that the attacker was a teenager who fled after throwing the grenade into the room where they were having breakfast.

She called the scene after the explosion indescribable. On the one hand were the moans of the injured, while on the other hand one could see inert bodies, some of them mangled.

Killed were Amanda, Edwin and Jaime Romero Ayala, 13, 4 and 12 years of age respectively, and Reyna Abanto Palomino, sister of Zenobia's husband.

Sorrow is everywhere in this humble home, whose occupants have borne the consequences of a senseless attitude which does not respect the most elemental human rights.

### Four Bodies

In addition four bodies were found within the last 48 hours at different locations in Huanta. One of them was that of Victor Raul Terry, 17, a fourth-year secondary student at the Colegio Nacional Gonzales Vigil and son of a Republican Guard sergeant who is away from Ayacucho at this time. The head, like that of another body which has not been identified, had been shaved.

The Terry family said that the boy had been arrested several days earlier and that the police told them he had been freed 24 hours before his body was found.

Also discovered, in the area of Ayahuarcuna, 20 km from Ayacucho, was the body of Toribio Condori Huaranca, which had a sign affixed reading: "This is how traitors die, and this is how all those who betray the people will die."

### Civil Guard Killed

It was also learned in Ayacucho today that Civil Guard Ruben Valer Huaman was murdered in Huancaapi, capital of Victor Fajardo Province, by two Shining Path members, who shot him point-blank as he was going about his usual tasks.

## Terrorist Damages Total \$1 Billion

Lima LA PRENSA in Spanish 14 Sep 83 p 1

[Text] The lunatic actions of terrorists has caused over \$1 billion in damages throughout the country, comparable only with the misfortune produced in the north by the forces of nature. At the same time, the reward for the capture of "Comrade Gonzalo" is to date a proposal subject to legal and political study.

Material damage of more than \$1 billion has been caused to date in our country by the wave of subversion, Senate President Ricardo Monteagudo said yesterday. This damage is only comparable to the havoc caused by nature in the northern departments of Tumbes, Piura and Chiclayo.

Interior Minister Luis Percovich Roca explained that the government has not offered a reward for the capture of "Comrade Gonzalo" (Abimael Guzman), the leader of "Shining Path."

He pointed out that this is a proposal which has been made by several sectors of the community and that it is subject to legal and political study. He said it is necessary first to see what might be its political impact and what conclusions are drawn by the study being made of the proposal.

Both Monteagudo and Percovich Roca mentioned the terrorist phenomenon at the "PIP [Peruvian Investigative Police] Awards" ceremony held at the office of the interior minister.

(In addition, Percovich Roca, in statements made to foreign correspondents and published in the last issue of DEBATE 22, mentioned Abimael Guzman, Luis Kawata, Osman Morote, Hildebrando Perez and Antonio Diaz Martinez as Shining Path ideologists.

He also said that between May, 1980 and August of this year the number of deaths caused by the terrorists has reached 1,580. There were 59 police casualties, 5 in the Armed Forces, 465 among the peasants and 1,033 among Shining Path members.

Among the leaders of Shining Path the interior minister mentioned Abimael Guzman, Elizabeth Cardenas ("Betty"), Julio Casanova, Carlota Tello, Ondina Gonzales, Juan Carlos Florian, Nelly Cardenas, Jose Kulich, Victor Quintanilla, Augusta de la Torre de Guzman and Julio Cesar Mezzich.)

Finally, with regard to the case of those who have disappeared in Ayacucho, Percovich said evidence should be presented to the public ministry and the judicial branch.

## Reward Considered for Abimael's Capture

Lima EL OBSERVADOR in Spanish 13 Sep 83 p 8

[Text] In an unprecedented action which would indicate the most complete failure of the government to find the whereabouts of Abimael Guzman, a price may be put on the head of the Shining Path leader.

The surprise announcement was made by Interior Minister Luis Percovich just moments after he reached a final agreement with President Belaunde at the Palace of Government.

The minister made the revelation after stating that subversive activities have caused tremendous damage throughout the country, especially with the destruction of electrical transmission towers, amounting to billions of sols and endangering the entire nation.

Then he said that the possibility of offering a reward for the Shining Path founder and leader, Abimael Guzman, is a suggestion made by several sectors which he did not identify.

However, he did confirm that the police forces are making an exhaustive study of the possibility--that of the reward,--to see whether it can be done within a legal and constitutional framework.

"If the offer of a reward is possible within this framework, we will do it immediately," Percovich emphasized in an extensive conversation with newsmen assigned to the Palace of Government.

He did not say when it would be ready, but the only thing needed is the report from the legal adviser to the police forces, along with a political consultation, to take such an important measure.

Abimael Guzman has been one of the country's most wanted men for quite some time. His whereabouts is a real mystery; some rumors even say he is dead.

Percovich said there is no evidence that he is in Lima, thus scotching certain rumors that have appeared in the newspapers.

"He has not been found, nor does anyone know where he is," he commented.

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